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**AUGUST 5, 1963**

**WOOL AND  
MAN-MADE FIBERS**

**REPORT FROM PERU**

**ITALY RAISES LEVY  
ON WHEAT IMPORTS**



# **FOREIGN AGRICULTURE**

**Including FOREIGN CROPS AND MARKETS**

**A WEEKLY MAGAZINE OF THE UNITED STATES DEPARTMENT OF AGRICULTURE  
FOREIGN AGRICULTURAL SERVICE**

# FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

AUGUST 5, 1963

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Australian wool on the hoof. World wool growers, alarmed that man-made fibers continue to take over wool markets, are combating the situation by using their opponents' tactics (p. 3).

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**Orville L. Freeman, Secretary of Agriculture**

**Roland R. Renne, Assistant Secretary for International Affairs**

**Raymond A. Ioanes, Administrator, Foreign Agricultural Service**

**Editor:** Alice Fray Nelson

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# A Look at THE WORLD WOOL SITUATION

*A slight upturn in the wool industry has not eased fears that man-made fibers may get an increasing share of the wool market.*

By JOHN S. DECOURCY  
*Livestock and Meat Division, FAS*

At first glance, the world's wool growers seem to be quite well off this year. For some types of wool, prices reached a 5-year high in June. But under this surface prosperity still lies a situation that has caused concern to all wool growers—the ever-increasing availability of man-made fibers as direct substitutes for wool.

Not until the last decade did wool have to contend with competition of this type. True, there had always been alternative fibers, such as cotton and silk, and later rayon, but to enjoy the benefits of wool, one had to have wool. It is still true today that no single synthetic fiber possesses all of wool's qualities. Yet, taken together, the whole range of synthetics can give essentially the same effects. They have become substitutes more or less to the extent that they have been used in blends with wool or with cotton and other fibers, thus capturing a market that would otherwise have belonged exclusively to wool.

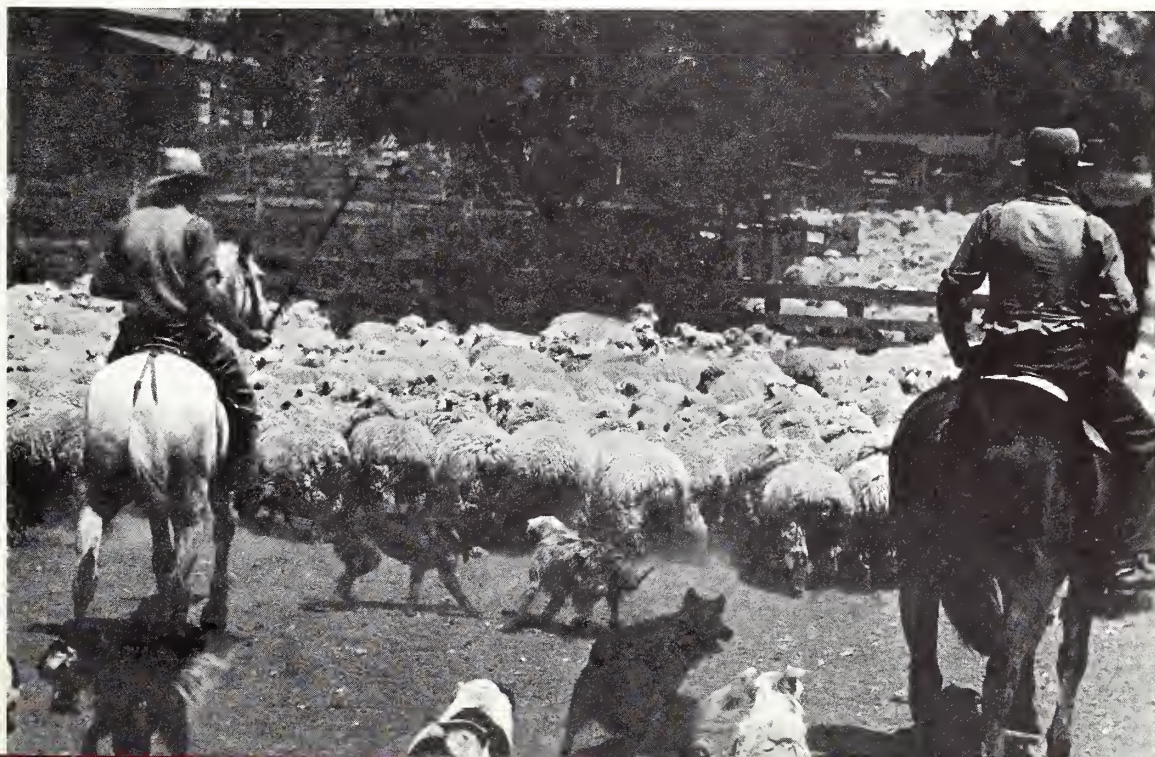
Rayon, the first synthetic (a cellulosic) has been in the picture for some time; the noncellulosics (such as acrylics,

polyesters, and nylon) are relatively new developments. In just a few short years, these man-made fibers have made tremendous inroads in the wool textile industry. Starting almost from scratch at the end of the Second World War, man-mades by 1962 accounted on the average for about 15 percent of all the materials used by the wool textile industries in the world's major consuming countries. In several countries such as the Netherlands and Sweden, the percentage is considerably higher.

## **Wool textiles and synthetics**

The U.S. wool textile industry consumes far larger quantities of these fibers than the wool textile industry of any other country. About 104 million pounds were used directly in woollen spinning and worsted combing in the United States during 1962. This does not include the additional million pounds used uncombed in the wool textile industry. The impact on wool is even greater if one takes into account the many competing apparel items—articles (such as socks, sweaters, and the like) made entirely of synthetic fiber, manufactured by firms not associated with the wool textile industry.

**Scene on New Zealand sheep ranch**





A large amount of the success of synthetic fibers is attributable to massive promotion programs that have created a favorable image and stimulated consumer demand. But promoters of these fibers have based much on the claim of similarity to wool; thus wool is still the standard of quality.

### **Ceiling set on wool prices**

As synthetic fibers have become more available and more widely used, their prices have been lowered, and many in the wool industry feel that they will increasingly set the ceiling on raw wool prices. Wool growers, like many other producers of raw materials, have found themselves caught in that all too familiar squeeze of rising costs and declining prices. This season's rise in price is not representative of the long-term situation; it came about from a rather unusual combination of circumstances. Supply stocks and stocks held by governments and other stabilization groups were unusually low as the season began; yet, because of drought in Australia, Argentina, and South Africa, the poundage of wool available for sale during 1962-63 was smaller than expected. Meanwhile, demand in most major consuming countries was fairly stable.

### **Woolmen meet threat**

The reaction of the wool grower to the threat of synthetic fibers has gradually become more vigorous. In the major producing countries of the Southern Hemisphere, it has evolved into an action program, both to protect wool's present position and, more positively, to expand wherever possible.

About 25 years ago, a group of farsighted leaders in Australia, New Zealand, and the then Union of South Africa, organized the International Wool Secretariat (IWS). It is a grower-financed operation carrying out its programs through some 16 field offices located in major wool-consuming countries. In the early days of this organization's existence, the present day man-made fibers that now compete with wool had not been invented. Today, most of the budget of the IWS is spent for projects made necessary by their presence.

### **Dollars donated to IWS**

Almost every year, growers in the three countries increase their contributions to finance the expanding activities of the IWS. The money is collected in the form of levies on wool sold at auctions in the three countries. The purpose of IWS is to develop the use and usefulness of wool by all forms of research and promotion. It makes no difference whether the wool is produced in one of these three countries or not. IWS feels that the wool industry the world over must remain prosperous if the growers in member countries are to prosper.

Thus, a considerable amount of IWS money has been spent on activities in the United States, although American wool growers are not members of the organization and do not contribute to it. This is not to say that the U.S. wool industry lacks interest in promotional programs. The U.S. wool grower does contribute funds for research and market promotion on wool and lamb within the United States. Much has been done with U.S. Department of

Agriculture funds, plus funds from the U.S. woolmen and sheep growers, in the development and promotion of easy-care properties for wool.

Wool promotion and research have expanded in recent years to cover a wide range of activities financed by IWS and other industry groups or by governments. These are carried out in both producing and consuming countries. Consumer surveys have been conducted; research has disclosed that wool is capable of taking on most of the easy-care properties of synthetic fibers while retaining all of its inherent qualities.

### **New uses for wool**

Already available to consumers are such things as permanent pleats and creases in trousers and skirts; knitwear, sweaters, and blankets that can be machine-washed and dried; and, mothproof wool carpets. Researchers are always looking into industries like shipbuilding and housing to find new uses for wool as an insulating, acoustical, or wall-covering material.

Once a new process or use is discovered, IWS takes charge of promoting its use by wool manufacturers, and its acceptance with consumers. Both are formidable tasks.

Not all of wool's problems will be solved by encouraging the demand for it. There will remain the tough problem of producing ever-increasing amounts of wool at a price that will give a fair return to growers and still be competitive with the prices of synthetic fibers.

### **More wool needed**

Among the 5 major producers and exporters, Australia with about 160 million sheep and New Zealand with about 50 million probably have the greatest potential for increasing their flocks rapidly in recent years. But, although sheep numbers now stand at record highs, there is room for continued expansion through such practices as improving pastures, controlling sheep parasites and diseases, and exterminating rabbits.

Seven rabbits are said to consume as much grass as one sheep, and in the process they often do permanent damage to grasslands. The introduction of the rabbit-killing disease myxomatosis into Australia some years ago was an early attempt to solve this problem, and it has had considerable success. Other techniques are rabbit-proof fences and the air-dropping of poisoned food.

In New Zealand, aerial seeding and top dressing, especially of steep hillside pastures, has contributed largely to the increased carrying capacity of the country's pastureland. Australian sheepmen also use this practice.

Some production increase may be forthcoming in South Africa with the development of the Orange River area. In Argentina also, given more stable political and economic conditions, wool production could rise.

The world's output of wool has reached about 5.7 billion pounds, greasy basis, up 1.2 billion since some 10 years ago. Wool growers will have to raise it by at least the same amount during the next 10 years—and do so economically—if wool is to be readily available at prices competitive with those of the man-made substitutes.



# Report From Latin America: Peru

By FRED W. TRAEGER  
*U.S. Agricultural Attaché, Peru*

Peru, the third largest country in South America has a population of approximately 12 million, more than half of whom depend on agriculture for a livelihood. In recent years the country's farm production has been increasing steadily; nevertheless, the relative importance of agriculture to the economy is declining. The mining and fishing industries as well as the manufacture of consumer goods are growing, and the contribution of the first two to the country's favorable foreign exchange rate has been substantial.

In 1962, the value of Peru's exports was \$540 million—9 percent over 1961. The three leading agricultural items—cotton, sugar, and coffee—accounted for 32 percent, while exports of fish and fish derivatives accounted for 23 percent and ranked first on the country's export list. Imports in 1962 totaled \$538, about 15 percent higher than they were the previous year.

While Peru's agricultural output is expected to continue its steady pace of expansion, the country's need for food imports during the next 3 years should increase.

There are various reasons for this prediction. First, although the past decade has seen substantial gains in both acreage and output, this increase on a per capita basis has been offset by the country's rapid population growth of nearly 3 percent a year.

Second, no significant shift of the agricultural resources now devoted to major export crops (sugar, cotton, coffee) to food production for domestic consumption is foreseen in the immediate future. And while new land will be brought into production, the enormous climatic and geographic barriers to be overcome will limit this contribution to production.

A recently initiated agrarian reform program may make some changes in the traditional production pattern in some areas, but its implementation will probably be slow, and consequently, it is not expected to materially affect Peru's overall agricultural output for several years. More likely any potential gain in the production of food and export crops will come from modern agricultural techniques being slowly applied to present resources.

## Peru's foreign exchange earners

Fortunately, Peru for the past several years has enjoyed a stable exchange rate, a favorable balance of payments position, expanding exchange reserves, and liberal economic investment. Of course, both economic and political conditions could suddenly change; yet, assuming a continued liberal import policy, the relatively diversified aspect of Peru's foreign exchange earners favors the expectation of continued ability to finance agricultural imports.

Fish meal and oil exports have boomed during the past 5 years to become the country's principal foreign exchange earners. They still enjoy a steady world demand.

Sugar production and exports may be expected to react to present high world prices, although expansion may be limited by the country's mill capacity.

Cotton, though faced with greater competition in foreign markets, will probably maintain its present record production and export levels.

Coffee output should mount rapidly as new plantings come into full production, and exports should show a corresponding rise unless limited by Peru's adherence to the International Coffee Agreement quota.

And finally, minerals, Peru's other major export category, can be counted on to play an important role in exchange earnings, as they have been doing in recent years.

Farm family, Juliaca market place







*Above, farm scene in Cachimayo Valley, with snow-topped Andes in background. Left, irrigation lake, Paramonga, a big sugar-growing area. Sugar is one of Peru's export crops.*



*Thoroughbred Corriedales are crossed with native sheep to improve quality and quantity of wool. (Photos for this article, courtesy the Pan American Union.)*

### What Peru needs

Of the agricultural imports that Peru needs, wheat will continue to be by far the major one. Requirements for wheat may be expected to increase somewhat faster than population growth because of its expanding use as a major food in the Peruvian diet.

Imports of dairy products may be limited to current levels by expanding domestic production.

Rice imports will increase very sharply in the year ahead, as a result of crop losses caused by drought, but in 2 or 3 years may again be negligible.

Imports of white hog grease for processing into lard are expected to grow steadily while other fats and oils, mainly soybean oil, may face increased competition from domestic fish oil, cottonseed oils, and possibly from peanuts, safflower, and soybeans, now being grown experimentally.

Red meat imports may stay near the higher level of 1962, but poultry imports will be limited by expanded domestic production, and by high duty and freight costs.

Corn imports are likely to fall off. Peru's own crop is getting bigger through wider use of hybrid seed. However, imports of corn and/or other feed grains will be influenced by the extent to which livestock feeding can be increased. Barley imports will decline, also because of a bigger domestic crop.

### Stable trade pattern

The direction Peru's trade is likely to take will show little change. While the country is an active participant in the Latin American Free Trade Area, this affiliation will not materially affect agricultural trade patterns for a few years, anyway.

In determining the U.S. share of Peru's market, sales under Public Law 480 will be an important factor. Currently Peru is considering a P.L. 480 purchase request for sizable quantities of wheat and rice, and comparatively large ones of soybean oil and white hog grease.

Argentina, because of its geographic proximity, will provide Peru with the bulk of its red meat and a large share of its grain imports. New Zealand, Australia, and Western Europe may still enjoy the lion's share of the market for dairy products—that is, unless U.S. dairy products should become competitive.

One possible development that could upset the present agricultural trade outlook would be if major strides were to be made in the domestic utilization of Peru's high protein fish meal for direct human consumption and of fish oil as an edible oil. Also, expanded use of fish meal for livestock feeding could reduce the need for imported feed grains. However, in view of the lucrative export market for Peru's fish products, the technical difficulties, and the probable slow consumer acceptance of them as foods, any rapid changes in the domestic consumption pattern of these items seems quite unlikely.



# Italy Raises Levy on Wheat Imports

In the first action authorized by the EEC Commission to protect domestic grain markets in EEC countries from the impact of imports, Italy is now charging a supplemental import levy on wheat. The following classes are affected: Dark Hard Winter 1 and 2 (U.S.), Dark Northern Spring 1 and 2 (U.S.), Manitoba 1 and 2 (Canada), USSR Type 431, Australian Semi-hard 2, Bahia-Blanca (Argentina), and Florence Aurora (Morocco).

The supplemental levy is applied in a manner which, in effect, permits an increase in the landed costs of the above classes of wheat up to within \$2 of the durum threshold price (the minimum price for imported durum). This levy amounts to about \$20 per metric ton and price-wise would restrict imports of quality wheats. Italy was allowed to continue state trading until June 30, 1963. The new action, designed to ease the transition from state to free trading, may remain in effect until June 30, 1964.

This action is provided for under EEC Regulation No. 19—the Common Agricultural Policy applicable to grains. It results primarily from the high support price used to encourage durum wheat production and the fact that quality wheats can be used as substitutes for durum wheat in the production of pasta. The present threshold price would very likely result in imports of enough quality wheat so that the Italian Government would be forced to purchase part of the domestic durum production at the support price. The disposal of these purchases would result in heavy costs to the Government, since most of the grain would probably be exported with a large subsidy.

The additional levy also acts as a strong deterrent to possible imports of quality wheats for blending with the lower grade domestic soft wheat.

## ITALIAN GRAIN PRICE COMPARISONS

Commodity and location	1962-63	1963-64	Change
	<i>Dollars per metric ton</i>	<i>Dollars per metric ton</i>	<i>Dollars per metric ton</i>
Soft wheat:			
Target price: <sup>1</sup>			
Surplus area .....	104.40	102.40	—2.00
Deficit area .....	110.40	113.60	+3.20
Support price: <sup>1</sup>			
Surplus area .....	99.20	98.00	—1.20
Deficit area .....	102.40	104.80	+2.40
Threshold price <sup>2</sup> .....	109.60	112.80	+3.20
Durum wheat:			
Target price: <sup>1</sup>			
Surplus area .....	140.00	( <sup>3</sup> )	—
Deficit area .....	144.00	( <sup>3</sup> )	—
Support price: <sup>1</sup>			
Surplus area .....	132.80	132.80	—
Deficit area .....	136.80	136.80	—
Threshold price <sup>2</sup> .....	142.59	147.20	+4.61
Barley:			
Target price <sup>1</sup> .....	66.40	<sup>4</sup> 69.65	+3.25
Threshold price <sup>2</sup> .....	62.59	65.89	+3.30
Rye:			
Threshold price <sup>2</sup> .....	98.59	98.69	+ .10
Oats:			
Threshold price <sup>2</sup> .....	63.39	63.58	+ .19

<sup>1</sup> For internal wholesale markets. <sup>2</sup> For imports; equals target price minus freight and marketing costs from port. <sup>3</sup> To be announced. <sup>4</sup> Declaration of Intention by delegation.

# Beneficial Plants From USSR Sought

Secretary Orville L. Freeman's 18-day trip to the USSR bore early fruit in Soviet approval for a team of USDA specialists to collect beneficial wild plants in the Soviet Union for trial in the United States.

Two USDA plant breeders, John L. Creech and Donald H. Scott of the Agricultural Research Service, expect to spend 60 days, probably beginning this month, seeking out useful germ plasm and new varieties of wild fruits and ornamentals in the USSR's Alma Ata region. In exchange, Soviet specialists will be permitted to study certain U.S. farming methods.

The United States now grows many plant varieties of Russian origin, the U.S. scientists hope to find additional useful varieties, as well as biological enemies for some of the pests and diseases of American plants.

*Secretary and his party listen as Soviet Minister of Agriculture Volovchenko explains a plant industry display at Exhibit of the Economic Achievements of the USSR.*



## Foreign Buyers Told of Improvements Being Made in U.S. Cotton Quality

In a market development trip to 10 European countries, USDA Marketing Specialist W. Glenn Tussey reported to European cotton importers and spinners that despite increased mechanization, U.S. cotton entering world markets is today equal to or better than that of a decade ago.

One indicator of continuing improvement, Mr. Tussey said, is the increase in average staple length of U.S. cotton—a big plus factor.

"Through progressive plant breeding and variety standardization programs, the U.S. cotton industry is producing longer, more desirable staple lengths," said Mr. Tussey. "Over the last 3 decades, for example, the average staple length increased from less than 15/16 of an inch to today's 1/32. More than 72 percent of the 1962 crop was from 1 through 13/32 inches in length, compared with only 27 percent of the crop in 1930.

"At the same time, U.S. cotton has maintained its quality position regarding grade, as determined by color, amount of leaf material, and preparation. The average grade index for the U.S. crop during the 1958-62 period was 95.6 (Middling white equals 100), unchanged from the 1940-50 period."

Mr. Tussey said that over the years, tests run by USDA cotton laboratories showed "micronaire fineness" measurements changed from 4.3 to 4.2.

"This change indicates the U.S. today is producing finer, less coarse, cottons and should be considered another plus factor at these levels."

He added that fiber strength, using the Pressley test, increased from 80 to 81 pounds per square inch. Average measurements of yarn strength, perhaps the most important test of yarn quality, held steady during the decade, as did those for yarn appearance.

Waste (percent of nonlint in cot-

ton) Mr. Tussey said has declined significantly, according to both the Shirley Analyzer and picker card tests. "A purchaser of U.S. cotton today pays for less leaf and nonspinnable material. A textile mill buying 100,000 bales of Middling cotton, for example, receives the equivalent of over 1,000 more bales of lint than he did 10 years ago," he said.

Mr. Tussey suggested that the tendency of some spinners to use as the only quality determinant the "ends down per 1,000 spindle hours" (number of times the yarn breaks in spinning) could be misleading in measuring cotton quality. This measure should not be considered the only quality criterion because today's faster spinning speeds make greater demands on cotton.

"Cottons may have performed well at yesterday's spindle speeds of 9,000-9,800 revolutions per minute, but less satisfactorily at the present rate of 12,000-14,000 revolutions."

"All factors considered, U.S. cotton quality generally has improved with time," Mr. Tussey concluded. "Further improvements can be expected as research on production, harvesting, and marketing produces new results. The U.S. raw cotton industry will continue to strive to produce a product that will meet the needs of modern textile technology."

## Japanese Importers Take First Broilers From Danes

As a result of the recent visit of Danish trade promotion officials to Japan, some Japanese importers have placed sample orders for light-weight Danish broilers. Reportedly, the Danes offered first grade, whole broilers with giblets at about 32.5 cents per pound c.i.f. Reaction to the birds will be tested following arrival.

## U.S. Tobacco Industry To Sponsor Film Short

The U.S. tobacco industry, in cooperation with FAS, is sponsoring the production of a new 10-minute motion picture to promote sales of U.S. tobacco in the principal tobacco markets of the world.

The film—planned for release in early 1964—will depict the high quality of U.S. tobacco, showing its handling, harvesting, marketing, and use. Scenes will be made both in the United States and abroad. Adaptations are to be made for release in English, Arabic, German, Dutch, French, and Swedish.

A contract for production of the picture has been awarded to Warner Brothers Pictures of Burbank, Calif., which will also be responsible for overseas distribution through theaters and film libraries. The writer-producer will be William L. Hendricks, who wrote and produced the Academy Award-winning documentary, "A Force in Readiness."

Tobacco groups sponsoring the film are the Burley and Dark Leaf Tobacco Export Association, Leaf Tobacco Exporter Association, Tobacco Associates, and the Virginia Dark-Fired and Sun-Cured Tobacco Export Ass'n.

## U.S. Rice Export Group To Open Zurich Office

The U.S. Rice Export Development Association, Inc., will move its Washington, D.C. office to Zurich, Switzerland, September 1.

The new office will coordinate work of the Association's posts in Brussels, Copenhagen, Frankfurt, Johannesburg, London, and Rotterdam. Si Grider, Executive Secretary, will supervise promotion from Zurich.

The purpose of the Association is to increase U.S. rice consumption and develop new markets overseas. It is supported by U.S. rice farmers, processors, allied industries, and FAS.





## U.S. Foods Make Debut At Singapore Exhibition

U.S. wheat flour and soybean products are being exhibited this year for the first time at Singapore's annual Happy World Trade Fair, July 26-August 8.

Wheat Associates, USA, in cooperation with Prima Flour Mills, Singapore's first flour mill, is operating a wheat kitchen, which prepares a wide variety of baked goods for sampling. A specialty is doughnuts prepared from packaged doughnut mix supplied by a Portland, Oregon, flour milling firm. Samples of noodles, macaroni, and spaghetti will also be available.

The Soybean Council of America is emphasizing the variety of products made from soybeans. Its 18-foot booth at the Fair, featuring "The New Concept of Soya" demonstrates U.S. foods using soy protein and oil, such as sauces, pancake mixes, cereals, baby foods, shortenings, as well as livestock fodder. On July 30, industry, trade, and press representatives were invited to attend a Soya Buffet at the American Club in Singapore.

Wilfred M. Wirtz, Hubbard Milling Company official, is providing technical advice on the use of soybean products in improving both human and livestock nutrition.

## Azores Get Air Gift of U.S. Livestock

Two top-quality U.S. Holstein bulls and eight Duroc hogs—gifts under the community relations program of the U.S. Air Force—have just arrived in the Azores for use in improving blood lines of island herds.

Ravenwood Admiration is shown here at trip's end with (l.-r.) Lt. General Joe W. Kelly, MATS commander, USDA marketing specialist Fred Lege, who accompanied the shipment, and Dr. José Leal Armas, Angra Agronomy Station official.

Cross breeding of these purebreds with local cattle and swine herds is expected to up milk and meat produc-

tion in the islands and provide a valuable demonstration of U.S. livestock performance to producers in the Azores and nearby Portugal.

Dams of both Holsteins are top milk producers. One of them holds Maryland State's all-time record for a year's milk production—28,696 pounds. These U.S. Holsteins are available at prices well below those of other countries having animals of comparable quality for sale.

The hogs were carefully selected from different litters to insure effective breeding results. All livestock are from quality Maryland herds.

## Team Appraises Wheat Promotion in West Europe

Now at mid-point in a trip to appraise the market development program for U.S. wheat in Europe is a four-man team sponsored by the Foreign Agricultural Service. Its mission: to evaluate present joint efforts and guide future activities of FAS and its cooperators in maintaining and expanding the market for U.S. wheat and wheat foods in Western Europe.

U.S. trade groups cooperating with FAS in the wheat market development program are Great Plains Wheat, Inc., Western Wheat Associates, and the Millers National Federation.

From July 17 to August 10, the team is conferring with U.S. and European importing, milling, baking, PR, and sales promotion officials in the grain trade in Rotterdam, Brussels, Bonn, Hamburg, London, and Liverpool.

West Germany, Belgium, the Netherlands, and the United Kingdom are among the major buyers of U.S. wheat and flour having taken over \$730 million worth since the beginning of market promotion work 7 years ago. Future activities in this area — on which the team expects to present recommendations to the USDA and

U.S. grain trade by December—will be of major importance to U.S. exports.

The wheat team plans a later visit to Japan and India, also important customers for U.S. wheat, and possibly Latin America.

Selected to carry out the evaluation task are Frank B. Waring, economics lecturer at the University of California and former Foreign Service Officer; A. B. Sparboe, a Vice President of Pillsbury Company; Kennett W. Hinks, Dir. of the Advertising Council; Carl C. Farrington, V. President, Archer-Daniels Midland Co.





*Dairy cows graze on the island of Honshu. The Japanese are using more bran wheat for mixing in livestock feeds.*



*Department store shoppers sample American-style hotcakes, a wheat product that is finding favor with the Japanese.*

## U.S. Wheat Sales Wind Up Big Year in Japan

The United States this year is the only major grain supplier to increase its sales of wheat and flour to Japan—its No. 1 cash buyer of wheat since 1960. Recent estimates of Japan's 1963 wheat imports from all sources set imports at 2.8 million metric tons. Of this, the United States supplied 926,000 tons.

In the late 1950's, U.S. wheat exports to Japan fell from the high levels of postwar years. Then, in 1959, sales picked up because of competitive pricing of U.S. hard red winter wheat plus stepped-up market development efforts by the USDA and American wheat producers.

The availability of U.S. hard winter wheat remains the most promising factor for higher U.S. wheat sales to Japan. U.S. 13 percent protein hard wheat is best suited for Japan's new continuous baking process. One plant now uses the process—five more are planned for 1963. The Ministry of Education recently announced plans to buy 4.5 million bushels of U.S. wheat for its school lunch program by March 1964, mostly hard red winter.

Japan's burgeoning livestock industry has created a demand for feed bran wheat. Since 1958, Japan's total feed

bran wheat imports have more than tripled. Though the Japanese import bran (part of the wheat kernel) for blending into mixed feeds, making their own feed bran from imported medium-grade wheat is becoming more prevalent. Sixty percent of feed bran wheat is extracted as feed bran; the other 40 goes into flour for human consumption.

The United States has recently upped its share of Japan's flour market. The flour is made into monosodium glutamate, a food seasoning, and exported. Last year Japan imported about 74,000 metric tons of flour, 77 percent from the United States. Expansion of flour sales will be determined by world demand for glutamate.

Added to these factors are rising per capita incomes in Japan and some dietary shift away from rice and other staples to wheat products. Bread is coming to be an integral part of many home-cooked meals. High costs of labor and machinery to produce wheat in Japan will heighten the country's dependence on wheat imports.

—CLYDE R. KEATON

*Assistant U.S. Agricultural Attaché, Tokyo*

*Bread made from U.S. wheat flour undergoes tests before use in Japan's school lunch programs, a growing market.*



*Bread being wrapped in bakery near Tokyo. U.S. hard red winter wheat is best adapted to continuous baking process.*





## Canada Expects Bumper Wheat Crop

Canada's current wheat outlook is excellent, and a bumper crop is expected, if growing conditions continue favorable.

The first official forecast is scheduled for release September 6. However, observers are predicting that the out-turn may be even larger than the all-time high of 702 million bushels in 1952. Production last year was 558 million bushels.

Acreage in the important Prairie Provinces is up 3 percent from a year ago, thus exceeding farmers' announced intentions to plant. About 70 percent of the increase is in Saskatchewan, and conditions are the best in years.

Wheat carryover on August 1 was forecast at 485-490 million bushels. This, together with the expected large crop, would bring supplies to a new record.

Production of durum is expected to be somewhat below the 61 million bushels produced last year. Acreage dropped to 2,170,000 acres from the high of 3,429,000 acres a year ago.

Growing conditions for the grain crop have been generally excellent, and moisture supplies are ample except in the Peace River area of Alberta, where crops have suffered irreparable damage from drought.

## Japan Delays Ratifying Wheat Agreement

The Japanese Diet did not complete ratification of the International Wheat Agreement before its 43d session adjourned. Primary reason was lack of time for discussion and evaluation.

The Foreign Ministry is currently considering the possibility of asking the International Wheat Council to extend the deadline for the accession of new members. The Diet is expected to approve ratification at its next session; Japanese officials are reported to feel that there are many advantages in IWA membership for Japan, not only because of its large import requirements but because of the price stability that has existed under past international wheat agreements.

## Rhodesian Group Urges Lower Corn Price

A revolutionary change in the method of setting producer prices for corn grown in the two Rhodesias is recommended by the Corn Commission of Inquiry, whose report was tabled in the Federal Assembly on June 27. The commission recommends that these prices be determined by the net realization on export sales in a 3-year period. It wants them to drop from the current level (\$1.12 per bu.) to export parity (now about \$.90 per bu.) within that period.

The commission also recommended the introduction of seasonal selling rates, adjusted to encourage buyers to pro-

vide their own storage. The Grain Marketing Board's selling price should be ex-depot price, with buyers paying their own rail charges.

It further recommended that price margins of millers and retailers on corn and cornmeal be investigated and that additional bulk storage not be erected now; at the same time it recommended encouragement of bulk handling of corn for both internal and export disposition; and it proposed the establishment of a corn stabilization fund, financed by levies on sales and purchases of corn.

The Rhodesian National Farmers' Union has reacted strongly against the Commission's recommendation for reduction of producer prices. They further commented that the corn industry was making a valuable contribution to foreign exchange earnings, and, if it is to continue to do so, government policy should be directed toward reducing prices of items used in production and the high costs incurred in export.

A sharp increase in Rhodesian corn exports in 1961-62 followed an increase in production from approximately 1.4 million tons to 2 million tons. Both production and exports are continuing at the new high levels in the current year.

CORN EXPORTS FROM FEDERATION OF RHODESIA AND NYASALAND BY DESTINATION, 1958-59 TO 1961-62

Destination	1958-59	1959-60	1960-61	1961-62
	1,000 metric tons	1,000 metric tons	1,000 metric tons	1,000 metric tons
West Germany .....	20.1	37.7	—	57.5
Italy .....	—	28.0	—	40.4
Netherlands .....	2.5	—	—	48.0
United Kingdom .....	11.6	15.5	27.4	155.0
Egypt .....	—	—	12.0	12.2
Reunion .....	—	—	9.6	—
British East Africa .....	—	—	—	60.5
Angola .....	—	—	—	21.5
Japan .....	15.8	12.3	—	47.1
Philippines .....	20.3	—	—	—
Others .....	6.9	5.6	5.0	11.2
Total .....	77.2	99.1	54.0	453.4

## Venezuela Has Rice to Export

The Venezuelan Government is contemplating the export of 40,000 metric tons of rice as a result of the 1962-63 bumper harvest, and production in the coming season is expected to exceed even this year's record. The 1963-64 crop is forecast at around 110,000 metric tons of rough rice, 7 percent over the 103,100 of 1962. Extensive financing by the Agricultural and Cattle Bank (BAP) encouraged farmers to increase acreage, and weather has been favorable.

Rice imports in 1963 will be limited mainly to Blue Bonnet certified and registered seed. Seed imports in 1962 probably did not exceed 6,000 tons. Also, some rough and milled high-quality rice usually is imported to blend with local rice to meet grade standards.

In the first 4 months of 1963, rice seed imports were

large—2,799 tons of certified Blue Bonnet 50 and 200 of registered Blue Bonnet 50. However, rough rice imports are expected to decline.

The BAP is hoping to establish an organization to manage the orderly marketing and distribution of rice. It would represent all rice interests, from producer to retailer. However, this organization is only in the planning stage and will probably not be in operation during the 1963-64 season.

The second "winter" crop of the calendar year—representing about three-fourths of annual production—usually is harvested from August to November. The "summer" crop—producing the other 25 percent—is harvested in April and May.

### Thailand Sells Rice to Korea

Thailand has concluded a government-to-government sale to Korea for 10,000 metric tons of white rice, 20 percent broken, at \$138.64 per ton (\$6.29 per 100 lb.). The contract, signed on July 3, calls for shipment in July.

The Thai Government is paying suppliers 95 baht per 60 kilograms (\$3.42 per 100 lb.) for the rice, not including bags and other expenses. More rice may be under option in the last week of July if supplies are available.

This sale brought Thailand's total 1963 government-to-government commitments to 412,000 metric tons of milled rice, for the following countries: Indonesia, 250,000; Japan, 92,000; Philippine Republic, 50,000; Singapore, 10,000; and South Korea, 10,000.

### Denmark's Milk Production Still Declining

Milk production in Denmark continued its downward trend in the first quarter of 1963. For this period, milk production was 3,234 million pounds—a reduction of 5 percent from the corresponding quarter of 1962. Factors contributing to this decline were: the long, severe winter, which caused heavy damage to the roughage supply; relatively high prices for oilcakes and meal; and the slightly lower number of dairy cows.

The smaller milk production was reflected in decreased production of butter which, at 76 million pounds, was down 11 percent from the comparable 1962 period.

### Canadian Soybean Crushings at Record Level

Canada's soybean mills have reported a total crush of 10.5 million bushels for the period from October 1962 through April 1963. This output is about 6 percent higher than for the comparable months in 1961-62.

Increased export demand for soybean oil and meal account largely for the increased crushing. In October-May 1962-63, exports of oil totaled 37 million pounds, compared with 26 million in the corresponding period last year; meal exports totaled 309 million pounds—almost one-fifth greater than those in October-May 1961-62. Great Britain is the principal export market for both oil and meal.

Canada's 1963 soybean acreage is slightly higher than the 1962 acreage. Favorable conditions promoted prom-

ising early growth, but indications are that the crop may be seriously injured by the recent prolonged dry weather.

### Pakistan's Sesame Crop Up Slightly

Pakistan's 1962-63 sesame crop was officially estimated at 37,430 long tons—up 2 percent from the 36,715 tons produced in 1961-62.

Since the entire production is utilized domestically, there is no trade in sesameseed or in sesame oil. The government is reported to have decreed that at least 5 percent sesame oil be used in ghee production.

### Fiji Imports More Tobacco

Fiji's imports of unmanufactured tobacco during 1962 totaled 470,000 pounds—up slightly from the 448,000 pounds imported during the previous year but 22 percent below the 1960 level of 600,000 pounds.

Imports from the Rhodesias-Nyasaland, the major supplier, totaled 232,000 pounds in 1962—above the 160,000 of 1961, but below the 284,000 of 1960. Takings from the United States have declined for 2 consecutive years; they amounted to 223,000 pounds in 1962, compared with 254,000 in 1961 and 263,000 in 1960. Imports from Canada have also declined, from 50,000 pounds in 1960 to 32,000 pounds in 1961 and 15,000 pounds in 1962.

Average prices paid to major suppliers in 1962, in terms of U.S. cents per pound, were as follows: the Rhodesias-Nyasaland, 60.5; the United States, 87.9; and Canada, 85.4. The average price per pound from all sources was equivalent to 74.2 U.S. cents.

Fiji's imports of cigarettes last year totaled 24,000 pounds, with 10,000 pounds supplied by the United States. Imports of U.S. cigarettes have increased significantly since 1958.

### Malaya's Tobacco Imports Decline

The Federation of Malaya's imports of unmanufactured tobacco during 1962 totaled 9.9 million pounds—down 19.3 percent from the 12.3 million imported in 1961. Smaller takings from the United States, India, and the Rhodesias-Nyasaland accounted for the decline.

TOBACCO, UNMANUFACTURED: FEDERATION OF MALAYA; IMPORTS BY COUNTRY OF ORIGIN, 1960-62

Country of origin	1960	1961	1962
	1,000 pounds	1,000 pounds	1,000 pounds
United States .....	1,809	5,060	4,222
Rhodesia-Nyasaland .....	3,000	4,462	3,914
India .....	1,671	2,714	1,659
Canada .....	38	28	( <sup>1</sup> )
Burma .....	12	10	( <sup>1</sup> )
Other .....	2	—	108
Total .....	6,532	12,274	9,903

<sup>1</sup> If any, included in other.

*Monthly Statistics of External Trade*, December 1962.

Imports from the United States last year, at 4.2 million pounds, were down 16.6 percent from the 1961 level of 5.1 million. Takings from the Rhodesias-Nyasaland



dropped from 4.5 million pounds in 1961 to 3.9 million in 1962, and those from India dropped almost 40 percent below the 2.7 million pounds imported in 1962.

Average prices paid to major suppliers in 1962, in terms of U.S. cents per pound, were as follows: the United States 82.3; the Rhodesias-Nyasaland 47.2 and India 36. The average price per pound from all sources was equivalent to 60.3 U.S. cents.

The Federation of Malaya's imports of cigarettes last year totaled 2.5 million pounds, compared with 4 million in 1961 and 5.3 million in 1960. Reduced takings, principally from the United Kingdom, accounted for most of the decline. These imports during 1962 totaled 1.7 million pounds, compared with 3.1 million in 1961 and 4.3 million in 1960.

Imports from the United States last year also declined, to 835,000 pounds, compared with 868,000 in 1961 and 904,000 in 1960. However, the U.S. share of total imports has increased from 17 percent in 1960 to 21.8 percent in 1961 and to 33 percent during 1962.

### Jamaica's Cigarette Output Down Again

Cigarette output in Jamaica during 1962 totaled 676 million pieces, compared with 728 million produced in 1961. Production has shown a steady annual decline since the 1957 high of 784 million pieces, except for 1961, when output turned upward.

### Sierra Leone's Cigarette Output Rising

Cigarette production in Sierra Leone last year totaled 255 million pieces, compared with 126 million in 1961. This country began cigarette production in July 1960, and during the last 6 months of that year ouput totaled 19 million pieces.

Sierra Leone's imports of unmanufactured tobacco during 1962 totaled a record 2.3 million pounds. Imports from Nyasaland, the principal supplier, amounted to 1.9 million pounds, valued at the equivalent of 49.3 U.S. cents per pound. New suppliers last year included Canada, with 61,000 pounds (at 59.7 U.S. cents per lb.); India with 114,000 (at 34 cents); and Northern Rhodesia with 127,000 (at 26.5 cents).

Sierra Leone's imports of cigarettes turned upward during 1962 after declining for 4 consecutive years. Imports last year totaled 256,000 pounds, compared with 205,000 in 1961 and the 1957 high of 690,000. The United Kingdom continues to be the principal supplier, accounting for about 90 percent of total imports. Takings from the United States were about the same as the 1961 level of 23,000 pounds.

Imports of all other manufactured tobacco products last year were also up substantially from 1961. Imports of cut tobacco for "roll-your-own" cigarettes amounted to 519,000 pounds, compared with 279,000 in 1961 and 187,000 in 1960. The United Kingdom supplies all the cut tobacco and is the principal supplier of other manufactured products, except for some cigars and cheroots imported from the Netherlands and Belgium.

### Yugoslav Tobacco Imports at Peak

Yugoslavia's imports of unmanufactured tobacco during 1962 totaled a record 21.8 million pounds, compared with only 800,000 in 1961. They far exceeded the previous high of 11.4 million pounds in 1951.

Imports from India totaled 8.1 million pounds, from Turkey 6.1 million, from Greece 4.8 million, and from Bulgaria 2.8 million. Imports during 1961 were all from Bulgaria. Record imports last year of low-grade tobaccos for the domestic market permitted Yugoslavia to maintain export shipments, fairly sizable despite the two short crops damaged by blue mold. Imports during early 1963 were reported to be maintained at a fairly high level, pending the availability of the 1962 crop for manufacture.

Yugoslavia's exports of unmanufactured tobacco last year totaled 32.1 million pounds, compared with 35.1 million in 1961 and 40.7 million in 1960. Smaller exports to Poland, Egypt, France, West Germany, Belgium, Italy, Hungary, and Austria were more than enough to offset larger shipments to the United States, East Germany, Czechoslovakia, and Sweden.

Shipments to the United States last year were at a record 14.3 million pounds and represented 44.7 percent of total exports. Shipments to East Germany rose from 3.9 million pounds in 1961 to 4.8 million in 1962 and those to Czechoslovakia from 700,000 pounds to 1.6 million.

Exports to France, at 1.2 million pounds, were less than one-sixth the 1961 level of 7.4 million pounds.

TOBACCO, UNMANUFACTURED: YUGOSLAVIA, EXPORTS BY COUNTRY OF DESTINATION, 1960-62

Country of destination	1960	1961	1962 <sup>1</sup>
	<i>1,000 pounds</i>	<i>1,000 pounds</i>	<i>1,000 pounds</i>
United States .....	8,966	5,101	14,344
Germany, East .....	5,025	3,905	4,775
Poland .....	3,365	6,535	4,382
Egypt .....	3,130	3,201	2,293
Czechoslovakia .....	3,328	666	1,629
France .....	6,831	7,381	1,226
Germany, West .....	2,954	2,133	903
Sweden .....	518	121	684
Belgium .....	548	719	385
Italy .....	2,368	2,206	359
Hungary .....	882	662	220
Austria .....	772	679	198
Others .....	2,043	1,741	690
Total .....	40,730	35,050	32,088

<sup>1</sup> Preliminary; subject to revision.

### Yugoslavia Expects Near-Record Tobacco Crop

The 1963 tobacco harvest in Yugoslavia is tentatively placed at 110 million pounds, compared with the 1962 harvest of 65.7 million. If this forecast is realized, the crop will be exceeded only by the record 1957 harvest of 139.6 million pounds.

Planted acreage for the 1963 season is currently estimated at 123,400 acres—up 35 percent from the 91,400 acres for 1962 and the third largest on record.

Blue mold this season in the transplanted fields has been reported as rather scattered. Crop loss due to this virus disease is currently placed at about 10 percent.

## New Zealand's Cigarette Output Up

Cigarette output in New Zealand during 1962 totaled 3,326 million pieces—up 1.7 percent from the 3,272 million produced in 1961.

Production of smoking tobacco (pipes and roll-your-own cigarettes) continued to decline, amounting to 4.7 million pounds, compared with 5.1 million in 1961 and 5.2 million in 1960.

## Australian Meat Moves to the U.S.

Three ships left Australia during the last week of June and the first week of July with 5,922,560 pounds of beef, 347,200 pounds of mutton, 67,200 pounds of lamb, and 22,400 pounds of variety meats for the United States.

Ship and sailing date	Destination <sup>1</sup>	Arrival date	Cargo	Quantity
				<i>Pounds</i>
Cap Corrientes..... June 30	Seattle	July 21	Beef	1,064,000
	San Francisco	24	Beef	1,673,280
			Mutton	33,600
			Lamb	22,400
	Los Angeles	27	Var. meat	11,200
			Beef	2,069,760
			Mutton	67,200
			Lamb	15,680
			Var. meats	11,200
Sierra..... July 4	Los Angeles	21	Beef	244,160
			Mutton	112,000
			Lamb	29,120
	San Francisco	27	Beef	235,200
			Mutton	134,400
	Seattle	Aug. 7	Beef	293,440
	Portland	11	Beef	284,480
Orcades..... July 5	San Francisco	3	Beef	58,240

<sup>1</sup> Cities listed indicate location of purchaser and usually the port of arrival and general market area, but meat may be diverted to other areas for sale.

## Mexico Permits Exports of Charolais Bulls

The Mexican Government issued a decree, effective July 12, 1963, authorizing its Ministry of Agriculture and Animal Industry to issue permits for the exportation of up to 80 Charolais bulls within a 1-year period.

Cattlemen who have sold the largest number of Charolais bulls within Mexico will be given preference in the granting of export permits. Those receiving permits will be asked to donate Charolais bulls to the Ministry of Agriculture for use in improving the breeding stock of small farms.

## Argentine Meat Board Forecasts Beef Exports

The Argentine National Meat Board has concluded a study of beef export market possibilities in 1965, 1970, and 1975. According to this study, Argentina's traditional exports would require 1.0, 1.6, and 1.8 billion pounds, respectively, in these years. However, if exportable supplies continue the trend of recent years, the Board calculates that for 1970 there will be only 700 million pounds available for export, and for 1975, only 300 million.

In line with this forecast, the Livestock Recovery Commission has proposed measures needed to promote increased livestock production. Among these are the reduc-

tion of taxes, improved credit availability, the defense of livestock and meat prices through market development efforts to stimulate foreign demand, the rapid recovery of herds in the drought zone, and the application of advanced technology to improve the quality and quantity of meat products.

## Canada Uses Less Cotton

Canadian mills consumed 32,852 bales (500 pounds gross) of cotton in June, based on the number of bales opened by mills—compared with 35,077 in May and 30,217 in June of 1962.

Consumption during the first 11 months (August-June) of the current season amounted to 364,416 bales. This is slightly below the 375,260 bales used in the same period of 1961-62, but well above average consumption of 337,290 bales in the first 11 months of the past 5 crop years.

## France Imports More Cotton

French raw cotton imports rose during the first 3 quarters of the 1962-63 season, while consumption eased slightly. Yarn and fabric production and exports decreased slightly, while imports of these items increased considerably during January-March 1963, compared with those in the same period a year earlier.

Cotton consumption during the first 9 months (August-April) of 1962-63 amounted to 976,000 bales (500 pounds gross). This was only slightly below the 999,000 bales used in the corresponding months of 1961-62 and the average consumption of 1,011,000 bales in the comparable period of the past 5 seasons. The present estimate for domestic offtake for 1962-63 is around 1,260,000 bales—near the 1961-62 consumption of 1,285,000 and not greatly below the 1957-61 annual average of 1,325,000. Orders at textile mills are reported to be at the highest level in 2 years.

Imports in the first 9 months of 1962-63 totaled 986,000 bales—4 percent more than the 949,000 brought in during these months of 1961-62. Indications are that total imports for the 1962-63 season were about 1,225,000 bales—slightly above the 1961-62 intake of 1,206,000.

The U.S. share of cotton imports in the first three quarters of 1962-63 dropped considerably from the same period a year ago. The 157,000 bales imported from the United States during this period made up 16 percent of total imports, against 289,000 bales—30 percent of the total—in the same period a year earlier.

Quantities of cotton imported from major sources other than the United States from August 1962 through April 1963, with comparable 1961-62 figures in parentheses, were: Mexico, 202,000 bales (76,000); Syria, 120,000 (63,000); Ex-French colonies, 104,000 (142,000); Brazil, 75,000 (85,000); Egypt, 34,000 (67,000); Peru, 31,000 (38,000); Sudan, 31,000 (23,000); Turkey, 30,000 (10,000); Argentina, 27,000 (5,000); Greece, 26,000 (37,000); Iran, 25,000 (35,000); and Russia, 22,000 (15,000).

Stocks of raw cotton in France at the end of the current season (July 31) are expected to total around 270,000



bales, compared with beginning stocks of 310,000. After a decline from August through December, stocks trended upward through April, but still are being largely maintained on a hand-to-mouth basis.

Market activity in raw cotton has been relatively quiet in recent months. Current purchases are limited mainly to bargain lots of South American cotton.

## **Mexico Plans Sugar Expansion**

The National Union of Sugar Producers of Mexico has prepared two alternative plans for increasing sugar production in the next 7 years. Under Plan A, total production by 1970 would reach 2,612,451 short tons; and under Plan B, 3,053,371. The 1962-63 production is estimated at 1,820,000 short tons.

Plan A proposes to expand the capacity of existing mills and increase sugarcane acreage to supply enough cane for this larger capacity. No new mills are included in this plan. Plan B includes the investments mentioned in Plan A, plus the construction of new mills with a capacity of about 400,000 metric tons. Export availabilities by 1969-70 would increase to 551,150 tons under Plan A and to 992,070 under Plan B. For 1963-64, Mexico's export availabilities are expected to be about 343,918 tons.

## **Coffee Council To Meet for First Time**

The Coffee Council, formed under the new International Coffee Agreement, will meet for the first time in London, July 29-August 24. The agenda for this meeting will include the selection of an executive director, development of administrative and operational procedures, and adjustment of some of the export quotas assigned to member exporting countries.

## **U.S. and U.K. Cocoa Bean Grindings Up**

U.S. grindings of cocoa beans for the second quarter of 1963 amounted to 138 million pounds, bringing the total for the first 6 months to 293.5 million pounds, against 278.5 million during the same period of 1962. Total 1962 grindings were 561.9 million pounds.

Grindings in the United Kingdom during the second quarter of this year amounted to 56.9 million pounds, making a total of 114.2 million pounds for the 6 month period. Totals for 1962 were 111.1 million pounds for the first half and 210.3 million for the year.

## **Brazilian Cocoa Crop Smaller**

Brazil's cocoa bean production, which has been declining since the bumper 1959-60 harvest, appears to be following the downward trend for the current 1962-63 crop. The Bahia main crop (October 1962-April 1963) has been placed at 862,000 bags (52,000 metric tons) and earlier estimates of the May-September 1963 Bahia Temporao crop have been revised downward.

During the past several years, droughts have left their mark in the State of Bahia, which accounts for over 95 percent of Brazilian production; and replanting has been

insignificant. To further complicate the situation, the high humidity and unusually low temperatures recently experienced in the cocoa zone are making brown pod more of a threat.

Exports of cocoa from the Port of Ilheus are paralyzed by high stevedoring charges, and cocoa is being trucked to Salvador for shipment. Cocoa bean exports during January-March amounted to only 14,003 metric tons, compared with 26,755 for the same period in 1962. Exports of cocoa butter and cocoa cake are also running behind last year's levels.

## **UK-EEC To Lift Duties on Tea, Tropical Woods**

The suspension of the import duty on bulk tea and tropical woods into the EEC and the United Kingdom is now set for January 1, 1964. Previously, it was announced that the duty suspension would become effective September 1, 1963.

## **Austrian Coffee Imports Still Increasing**

Austrian coffee imports reached 224,455 bags in 1962—3 percent above the previous year's and 68 percent above average imports during 1955-59. This trend will probably continue, if the Austrian economy continues to prosper.

Per capita consumption of coffee in Austria is not as high as in other Western nations—about 4 pounds per year, compared with about 16 pounds in the United States. In Austria, the price of a small cup of coffee ranges from 20 to 32 U.S. cents, and a pound of coffee retails at approximately \$2.00.

The import value in 1959 was 43.3 cents per pound against 38 cents in 1962. With an import duty of 600 schillings per 100 kilograms (10.5 cents per pound) on unroasted coffee, the ad valorem equivalent duty has increased from 24.2 percent in 1959 to 27.6 percent in 1962. The current effective tariff rate on roasted coffee beans is 2,000 schillings per 100 kgs. (34.9 cents per pound). In addition, there is a special surcharge of 30 percent of the c.i.f. price on roasted coffee imported in packages of 5 kilograms or less.

## **Ceylon's Tea Production Higher**

Production of tea in Ceylon, the world's second largest producer, amounted to 166.3 million pounds during January-April 1963, compared with 160.4 million pounds for the same period in 1962. Total 1962 production yielded a record 467 million pounds.

## **International Sugar Agreement To Be Continued**

Delegates to the recent U.N. Sugar Conference and Sugar Council meetings in London decided to continue the present type of International Sugar Agreement through 1965. However, a committee was established to make recommendations by June 30, 1964, for a possible new agreement. The price and quota provisions of the present one have been inoperative since January 1962 because of lack of concurrence on a quota for Cuba.

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## Prospects Better for West Europe's Sugar Crop

Prospects for this year's sugar production have been improved by very favorable weather during the past month. Poor sugar beet crops in Europe for 2 successive years contributed to the present tight sugar supply situation; in 1962 the beet crop was 2.6 million short tons below the bumper crop of 1960-61.

## EEC and African States Sign Agreement

The European Economic Community and 18 independent African states signed a new Association Convention on July 20, which is due to become effective early in 1964. This is their second 5-year agreement fulfilling the Articles of the Rome Treaty for aid to overseas countries and territories of the Common Market.

The agreement calls for duty-free entry into the EEC of certain tropical products—the most important ones being coffee and cocoa—from the Associated African states, along with a reduced common external tariff on these products.

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